STATE OF THE NET

Keynote with FCC Commissioner Anna M. Gomez

Internet Education Foundation

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The Honorable Anna M. Gomez - Commissioner, Federal Communications Commission

Anna Gomez

Good afternoon. It's great to be back at State of the Net. This is a great event. And it's a big deal. How big? You got Brendan Carr to speak at an event whose platinum sponsor is TikTok. Although I do have a minor complaint about State of the Net, you are making me feel old. I thought back to the last time I spoke at this event, and realized it's been 12 years. To put that in our younger audience's terms that they will understand, that was Taylor Swift's Red era. And, by the way, congratulations to Taylor on winning her first Super Bowl, she really can do everything.

Considering this is the 20th anniversary of State of the Net, and more than a dozen speakers have already preceded me, I'm confident others have already gone through all the ways the tech landscape has changed over the past two decades. For all this change, I think it's worth noting one constant from 20 years ago, when State of the Net started, to my remarks in 2012, to today, and that is the fact that we have had a digital divide that separates the connected haves from the connected have nots in our country. Another constant, going back decades, is a shared

recognition that unless, and until, we bridge the digital divide, we will not fulfill the promise of the Internet age for our economy and our society. In 2024, that digital divide persists.

But, let me tell you what's changed, like never before. Closing America's digital divide is within our reach. That's not by accident, it's because the Bipartisan Infrastructure Law included historic investments to ensure that everyone everywhere has access to affordable, reliable connectivity. That included the creation of the Affordable Connectivity Program, or ACP, the largest broadband affordability effort in our nation's history. When I accepted this invitation to speak, I had hoped I would be taking a victory lap on the Affordable Connectivity Program success. To commemorate this 20th anniversary, we could celebrate a historic achievement for the Internet age. Here's the problem, barring congressional action, the FCC is on track to shut down the ACP less than four months from now.

So, today, I want to talk about our experience with the Affordable Connectivity Program, and why allowing this program to expire is a really bad idea, bad for our economy, and bad for families all across this country. Congress created the Affordable Connectivity Program in November 2021 because they recognized that connectivity is essential to our lives. The program's creation reflects another insight, our government's historic approach to narrowing the digital divide was insufficient, because it focused almost exclusively on expanding broadband availability. The ACP is the most successful tool we've ever had to closing the digital divide, because it finally addresses the long overlooked yet critical affordability piece of the puzzle. The enrollment numbers for the program have been staggering, and prove definitively that too many Americans have been missing out on the opportunities of the digital age because they couldn't afford a home broadband connection. We now have over 23 million households enrolled in ACP nationwide. Think about that. That means ACP is impacting one in six US households. Of that 23 million, over 5 million had never been connected before. Many more had what can only be described as precarious connectivity, connectivity that could easily be lost if the family had to make the hard choices on tight budgets in any given month. But, if the ACP does not receive funding, the program will run out of money in April. Just like that, millions will lose access to the connectivity on which they rely for education, health care, their job, and more.

I would also like to note that nearly half of all ACP subscribers are military families. Considering their sacrifices for our country, it hardly seems right to yank away the support for which they've signed up. There are also 4 million senior households enrolled in ACP. Those living on a fixed income from Social Security are going to have limited alternatives to stay connected. The end of ACP could be disastrous for families who are already struggling to pay the bills, that is certain. But, something I hear talked about less are the cost to our economy and the negative downstream

effects if ACP ends, specifically that ACP ending will slow economic growth, increase cost to the government, and caused stranded investments in rural areas. It is, as they say, pennywise and pound foolish.

Let me explain. First, if ACP ends, it will slow our country's economic growth by limiting economic opportunity. Access to communications technology is a game changer for economic opportunity. Our economy relies on many different types of innovators, small entrepreneurs, and business owners who depend on connectivity to develop their skills, connect to jobs and launch new businesses. There are so many varied paths to success in this country. But, it is hard to identify a path that does not require connectivity. This is about the future of our economy, and it is a bipartisan issue. Again, the ACP was born from the Bipartisan Infrastructure Law. Democrat Senator Peter Welch and Republican Senator JD Vance have introduced a bill to extend the program. Representatives Yvette Clarke and Brian Fitzpatrick have introduced the same bill in the House with two dozen co-sponsors evenly divided between Democrats and Republicans. Former Republican Commissioner Mike O'Rielly wrote an op-ed advocating for funding the ACP. He argued that online GEDs and college courses not only promote greater career options for recipients, but also lower the cost of overall education investments and help minimize participation in other social programs.

It's not mere speculation to say that ACP subscribers are using their connections to engage in economic activities. We have survey data. For example, nearly 50% of ACP subscribers report that they use their service to apply for jobs, or to work. Having connectivity has been shown to increase labor force participation and decrease the probability of unemployment. Now, think of it from the employer side. For the past few years, we've been hearing nonstop about the labor crunch. Businesses are having a hard time finding workers. Currently we have 9 million job openings. The main way to apply for the overwhelming majority of those jobs is an online application process. If we risk the ability of one sixth of US households to get online, that's only going to make it harder for businesses to find qualified applicants.

So, we have a choice, we can allow ACP to expire, leaving millions without the connectivity they need to participate in work, with all the accompanying negative impacts on the labor market, or, we can ensure the long term success of ACP as a strategic investment in the economic stability and competitiveness of our nation. Seems like a pretty sure choice to me.

So, let me be clear, allowing ACP to expire would not only have negative economic impacts, it would also lead to increases in government spending. How is that? Many of the services government supports can be delivered delivered at lower costs online. Take health care, for

example. Telemedicine visits had been shown to be 23% less expensive than in person visits. Now, get this. A staggering 72% of ACP subscribers have reported that they have used their ACP support service for telehealth services. Given that the Medicaid-eligible population and the ACP-eligible population overlap significantly, many Medicaid patients will lose access to telehealth services along with their ACP benefits, thereby raising health care costs for these government programs. Similarly, many private health insurers, seeing how using telemedicine is creating significant cost savings, have incorporated easy access to telemedicine into their services, often eliminating co-pays for customers, reducing costs for the companies and for customers. That option won't be there for the families that lose their connectivity.

Here's another reason why failure to invest in the continuation of ACP costs more money than it saves. The broadband deployment marketplace is a virtuous cycle. The availability of affordable high speed broadband networks drives demand for home connectivity. The more potential customers you have, i.e. the more demand you have, the more potential customers you have, the greater the incentives to invest in upgrading and expanding high speed networks. Now, consider how these market realities apply to our nation's historic investment to deploy broadband to everyone everywhere. In addition to establishing the ACP, the Bipartisan Infrastructure Law included $42.5 billion for network deployment. The Broadband Equity Access and Deployment program, or BEAD as it is affectionately known, is administered by NTIA, and you heard Alan Davidson talk about it during his fireside chat at the top of today's program. Notably, Congress made participation in ACP or a low income program a requirement for providers who want to receive these funds. That is because ACP and BEAD are intended to address two separate but equally vital pieces of solving the digital divide, affordability and access. In rural areas, especially, you cannot consider one without the other. Without affordability, we risk some of the historic $42.5 billion investment becoming stranded.

For low income rural Americans, the ACP has been a lifeline to ensuring they have access to connectivity. Many rural consumers that have been waiting for connectivity to finally come to them, however may be disappointed when the build out does not go as far as expected. The likely take rate is a critical piece of providers business plans. This is not complex math. Without ACP, fewer households can afford service and this will impact the economics of deploying broadband infrastructure. Subscribership concerns could result in less rural areas being served, and the historic investment, through BEAD, buying less build out, and some build out may be unsustainable without sufficient subscribership. Without ACP and a sustainable customer base, fewer consumers in the most hard to reach areas of the country will be connected by this once in a generation investment in broadband. Put simply, without ACP, our dollars will not go as far and we will fail to maximize the benefits of this investment.

Bringing all this full circle, just remember that widespread broadband deployment and adoption have ancillary economic and societal benefits. A report by the Federal Reserve Bank of Richmond found that expanded access to broadband in rural areas contributes to job growth, population growth, more new business formations, higher home values, and lower unemployment rates. Purdue University researchers examined an effort to promote broadband adoption in rural Indiana and found that the economic benefits of the investments were three to four times greater than the costs.

I know I've been throwing around a lot of numbers at you today, so I'd like to close with a story. In the spirit of the State of the Net's 20th anniversary, it's a blast from the past, although it's going way back. The time was the 1980s. The place was New Jersey. The land of Springsteen was becoming the land of Springsteen and Bon Jovi. We're still years away from the commercial Internet, email, and all that fun stuff. This was back when most of us had landlines in our homes. It's the story of a young man named Louis. Louis spent part of his childhood in Colombia, but moved to New Jersey when he was a teenager. Louis had a penchant for computer programming. In fact, long before the Internet was widely available, Louis spent hours taking his family's wireline telephone cables and hooking a RadioShack Tandy TRS80 microcomputer to the family TV to use as a monitor, and connecting to other computers through his family's phone line. This, quite frankly, drove his family nuts, and generated a very expensive phone bill. His sister could never call home to have her parents pick her up from school, or use the phone to talk to her friends because her brother was always tying up the phone line. As you may have guessed by now, that is my brother. We both grew up in Colombia, before moving to Jersey in 1980. My father was an immigrant, my mother was a dentist. We moved around a lot and, when my father was laid off, we lost everything. We struggled, like so many families, to stretch the dollar, and cut where we could.

Although we struggled, we had access to wired telephone service that opened doors to us, or at least to my brother. Louis had the opportunity to innovate, to learn to communicate, to brainstorm, and to develop his expertise in computer engineering and software programming. He taught himself how to code, and then he taught his high school teachers how to code. Louis never got a college degree. Because he had access, and his inherent creativity, he was able to secure a well paying job in computer programming right out of high school. He has had a successful 40 year career as a computer programmer. He's been an entrepreneur, and contributed to the economy, and to his community. Today, he is part owner of a small business, a software company. I am extremely proud of him and his path.

So, here's the point, there are millions of low income households all across this country. In those homes, access to connectivity can make all the difference in whether people will reach their full potential, or fall short. I know this because I lived it. My brother Louis wouldn't have had this future if my family did not have access to a phone line. Think of it. Access to connectivity was an equalizer. It provided him the opportunity to learn, to feed his passion for computers, and to succeed.

The Affordable connectivity program is about making sure everyone, everywhere in this country, has access to that connectivity, access to real opportunity in the Internet age. But, it's about even more. It's also about turbocharging our economy for the challenges of tomorrow. In an increasingly digital world, nations that lag behind and connectivity risk falling behind in innovation, productivity, and global competitiveness. By ensuring that all Americans can afford high speed Internet, we are investing in our nation's future prosperity, and unlocking the full potential of our citizens. This is a critical moment, connectivity has never been more important, and we now know what it takes to close the digital divide. There is so much promise and opportunity if we are just willing to get up and take it. We've made too much progress to turn back. Let's save the Affordable Connectivity Program and let's move forward together.

Thank you